

[1 March, 2007]

RAJYA SABHA

Government of Andhra Pradesh to the Central Government for approval during the last three years, scheme-wise;

(b) whether Government have accorded approval to these proposals;

(c) if so, the details thereof alongwith the financial assistance provided, scheme-wise; and

(d) by when the remaining proposals, if any, are likely to be cleared?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI AJAY MAKEN): (a) to (d) Information is being collected and will be laid on the Table of the Sabha.

Pooled Finance Development Fund

392. SHRIMATI S.G. INDIRA: Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether it is a fact that Government had approved setting up of a Pooled Finance Development Fund which would enable urban local bodies to raise funds from the market;

(b) if so, the details thereof;

(c) whether it is also a fact that Government had made an allocation of Rs. 400 crore for the above purpose; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI AJAY MAKEN): (a) and (b) Yes, Sir. the broad objectives of Pooled Finance Development Fund (PFDF) are to>

- (i) facilitate development of bankable urban infrastructure projects through appropriate capacity building measures and financial structuring of projects;
- (ii) facilitate Urban Local Bodies (ULBs) to access capital and financial markets for investment in critical municipal infrastructure by providing credit enhancement grants to State Pooled Finance Entities (SPFEs) for accessing capital markets through Pooled Financing Bonds on behalf of one or more identified ULBs for investment in identified urban infrastructure projects;

(iii) reduce the cost of borrowing to local bodies with appropriate credit enhancement measures and through restructuring of existing costly debts; and

(iv) facilitate development of Municipal Bond Market.

For implementing Pooled Finance Mechanism, a State Pooled Finance Entity (SPFE) shall be required to be set up in each State. Each SPFE is to be primarily State designed and could either be a Trust or a Special Purpose Entity, provided that the entity is only a pass through vehicle. The basic advantage of setting up of SPFE would be that it would enable the ULBs to enter the bond market on a regular basis and take advantage of scaled up operations. Further, efficient SPFEs can generate fair degree of goodwill in the bond market and may be able to achieve much higher, levels of efficiency in operations than individual, ULBs. Most importantly, it shall be able to hedge risks against much large spectrum of activities than individual ULBs.

The Central Government would support SPFEs through the PFDF. Of the funds made available with the Central Government for PFDF, 5% would be utilized for project development assistance. Balance 95% would be utilized for contribution to the Credit Rating Enhancement Fund (CREF) to improve the credit rating of the Municipal Bonds to investment grade.

(c) and (d) Yes, Sir. A tentative allocation of Rs. 400 crore under the Tenth Five Year Plan has been made for the Scheme. However, no expenditure could be made so far as the Scheme was approved only on 29.9.2006.

Sanction for prosecution

393. SHRIAMAR SINGH: Will the PRIME MINISTER be pleased to state:

(a) the number of requests for sanction for prosecution of high officials including ex-Chief Ministers alongwith the details of charges against each which were pending with Government as on 1 st December, 2006;

(b) whether such requests have become redundant consequent upon the Supreme Court's recent decision which *interalia* says that no sanction is required to prosecute corrupt public servants accused of misusing their official position for personal gains; and